

October 2, 2000

The Honorable Paul Schell
Seattle City Councilmembers
City of Seattle
Seattle, Washington 98104-1876

Dear Mayor Schell and City Councilmembers:

Attached is a joint report from the Office of City Auditor and the Office of Cable Communications, Improving AT&T Broadband and Internet Services' Compliance With the Cable Customer Bill of Rights. We prepared this report to determine whether AT&T Broadband and Internet Services (AT&T) is complying with the requirements of the Cable Customer Bill of Rights as described in Seattle Municipal Code 21.60.

We appreciate the cooperation we received during the course of this audit from AT&T. They worked to incorporate some of our recommendations prior to the issuance of this report.

We obtained comments on the draft report from AT&T which are summarized in the body of this report. We have included AT&T's complete response in Appendix A of the report.

If you have any questions regarding this report, please call Jill Novik of the Office of Cable Communications at 684-8583, or Scottie Veinot of the Office of City Auditor at 233-1094.

Sincerely,

Susan Cohen
City Auditor

Rona Zevin
Director of Internet and Cable TV

Attachment

EXECUTIVE SUMMARY

The offices of the City Auditor and Office of Cable Communications began an audit of TCI Cable in July 1999 to evaluate the cable operators' compliance with the City's Cable Customer Bill of Rights (SMC 21.60). During the course of the audit TCI Cable was purchased by AT&T and became AT&T Broadband and Internet Services (AT&T).*

We performed a limited review of AT&T's documents and operations, and conducted interviews with its staff. We have concluded that while AT&T is in compliance with some requirements of the City's Cable Customer Bill of Rights, it is not complying with many important requirements. AT&T has been compliant in those areas where its existing practices match the requirements of the Cable Customer Bill of Rights. Its internal procedures emphasize providing good customer service. However, while the Cable Customer Bill of Rights is mentioned in AT&T's Customer Service Representatives training manual and AT&T employees receive training on it, there is no evidence that the Cable Customer Bill of Rights is used or referenced in daily operations. Currently, AT&T does not collect data that would enable the City to determine the number and resolution of customer complaints, and does not always provide credits for customer complaints as required by the Cable Customer Bill of Rights.

During the course of this audit AT&T officials said they were eager to comply with the requirements of the Cable Customer Bill of Rights. However, although we met with AT&T management in November 1999 and February 2000, the reports submitted by AT&T still do not meet the information requirements outlined in the Cable Customer Bill of Rights.

Areas in which AT&T Meets the Cable Customer Bill Of Rights Requirements:

- AT&T resolves many customer complaints.
- AT&T maintains an appropriate in-town office.

Areas in which AT&T Does Not Meet the Cable Customer Bill of Rights Requirements:

- Reporting requirements are not being met.
- Adequate complaint tracking is not being performed.
- Customer complaints do not always result in credits.

* This audit was begun prior to inclusion of cable modem service under the Cable Customer Bill of Rights; therefore, this audit focuses only on cable television services. Future audits will address both television and cable modem services.

BACKGROUND

In early 1999 the Seattle City Council held several public hearings on cable services in Seattle and received many comments about the need for improvements. Subsequently, the City's Office of Cable Communications worked with the City Council to develop the Cable Customer Bill of Rights. The purpose of the Cable Customer Bill of Rights is to ensure that Seattle cable customers receive competent, responsive service from cable companies. It also established procedures and remedies for customers who have not received competent, responsive service. Seattle is unique among cities by providing an active customer service enforcement program that provides credits to cable customers. The Cable Customer Bill of Rights went into effect for cable television in April 1999 and in November 1999 for cable modem.

The City has the authority to audit cable companies to determine if they are in compliance with the Cable Customer Bill of Rights. This audit was the first in a series of planned, periodic compliance audits. In conducting our audit, we focused on the areas that we considered the most critical to helping AT&T and the City ensure that customers are receiving the services specified in the Cable Customer Bill of Rights.

AUDIT PURPOSE

The purpose of this audit was to determine if AT&T is in compliance with Seattle Municipal Code 21.60 (which includes the Cable Customer Bill of Rights that took effect in April 1999) specifically for the following areas:

- Customer Service Requirements;
- Complaint Procedures; and
- Reporting Requirements.

METHODOLOGY

This audit was a joint effort by the City's Office of Cable Communications and the Office of City Auditor. Testing was performed by staff from both offices.

To plan the audit:

- Office of Cable Communications staff attended meetings with AT&T representatives in Bothell to provide initial information about the audit. Later, a member of the Office of City Auditor also attended meetings with the Office of Cable Communications related to the planned audit scope.
- The Office of City Auditor worked with the Office of Cable Communications to develop a detailed testing program to determine AT&T's compliance with requirements for customer service, complaint procedures, and reporting.

Staff from the Office of City Auditor and Office of Cable Communications performed the audit as detailed below:

- Reviewed the applicable requirements contained in the Revised Code of Washington (RCW), Seattle Municipal Code 21.60, and City Ordinance 119402, which includes the Cable Customer Bill of Rights.
- Analyzed the reports submitted by AT&T and searched for gaps between the City's requirements and the cable company's performance.
- Documented and compared the Office of Cable Communications' customer complaint tracking and response procedures with those used by AT&T.
- Observed daily operations at AT&T's Everett Call Center, including the tracking and resolution of customer complaints, and conducted interviews with AT&T customer service representatives.

CONCLUSION

AT&T is not in full compliance with the Cable Customer Bill of Rights for customer service requirements, complaint procedures, and reporting requirements. See the Findings and Recommendations section of this report for details on the areas of non-compliance we identified.

FINDINGS AND RECOMMENDATIONS

1. Some Reporting Requirements Are Not Being Met

Prior to February 2000 AT&T had not provided required quarterly reports to the City. According to the Cable Customer Bill of Rights, these reports should contain:

“...an executive summary each quarter, which summarizes...(1) any and all complaints regarding the cable system or the Cable Operator’s operation of the cable system, by number and type and their disposition; (2) service requests, identifying the number and nature of the requests and their disposition; (3) service interruptions and their disposition; and (4) required Cable Operator contacts with Customers after installation.”

AT&T provided reports for the first eight months of 2000. However, these reports do not contain all of the information required by the Cable Customer Bill of Rights. Currently AT&T uses an accounting-based billing system for processing customer call information. This system is not designed to track customer complaints and AT&T has indicated that it, as currently configured, is not able to generate all of the types of reports required by the City. We worked with AT&T staff and management to begin finding ways to transform their data to that required by the Office of Cable Communications. We achieved limited results that do not enable the Office of Cable Communications to monitor AT&T compliance with the Cable Customer Bill of Rights. AT&T officials said that to produce reports with information that matches the Cable Customer Bill of Rights requirements would require modifying their database. The Office of Cable Communications has asked AT&T to provide the City with an estimate of the cost of such modifications, but has not yet received this information. AT&T spokespersons also said that their customers are much more satisfied than they were a year ago when the Cable Customer Bill of Rights was implemented. We asked them to provide the City with the data that supported this statement, but have received nothing to date to substantiate this assertion. The Office of Cable Communications has experienced an increase in the number of complaints they have received in the year 2000 to date over those received in 1999.

The principal deficiencies in the reports are detailed below in four areas with one set of recommendations for corrective action. We concluded that AT&T is deficient in almost all categories of providing data.

I. Complaint Reporting

The Cable Customer Bill of Rights requires AT&T to report “(1) any and all complaints regarding the cable system or the Cable Operator’s operation of the cable system, by number and type and their disposition”.

Our audit work confirmed that there are two main reasons why AT&T has not reported information in a manner that meets this requirement. The first, as discussed earlier, concerns limitations in AT&T’s database that prevent it from collecting the data needed for reports required by the City. The second reason is related to differences between the

Office of Cable Communications and AT&T definitions of the term “complaint”. AT&T defines a complaint as something that the company does not resolve, whereas the City considers a complaint to be an expression of customer dissatisfaction. As a result of this discrepancy, the number of complaints reported by AT&T, fewer than 40 per month on average, is low when compared to the number of complaints received by the Office of Cable Communications during the same period. Moreover, the complaint number AT&T reports is inconsistent with the overall number of calls received by AT&T and the credits awarded which average, over \$38,000 per month.

When this discrepancy was discussed with AT&T officials, they said they track inquiries and complaints using their definition. The Office of Cable Communications has asked AT&T for information about the number of inquiries as well as complaints so they can have a clearer picture of the volume of calls AT&T receives. The Office of Cable Communications has also suggested that AT&T use a more detailed itemization of credits awarded as an alternative, though less accurate, method for determining the number and disposition of complaints. With this information, the Office of Cable Communications would be able to relate these numbers to compensable items under the Cable Customer Bill of Rights and assess whether AT&T is in compliance for reporting and awarding credits.

II. Service Request Disposition

The Cable Customer Bill of Rights requires AT&T to report “(2) service requests, identifying the number and nature of the requests and their disposition”.

AT&T submitted reports that identify some types of service requests; however, the reports did not identify them in a manner consistent with the requirements of the Cable Customer Bill of Rights, nor did they indicate the disposition of these requests. AT&T responded that this is because they always fulfill service requests. Without disposition information however, the Office of Cable Communications can not determine compliance with:

- a) the number and nature of service requests;
- b) whether the requests have been filled in a manner that satisfies cable customers; and
- c) whether appropriate credits have been awarded under the Cable Customer Bill of Rights.

Currently, the Office of Cable Communications receives a number of calls from citizens who believe that AT&T’s service has not been satisfactory. While the company’s assertion that they fill service requests may be technically accurate, the fact that AT&T and the City still have complaints indicates that AT&T is not filling all service requests to customers’ satisfaction. Due to the inadequacy of the reporting, the City is unable to verify the accuracy of AT&T’s assertion and whether customers have received appropriate credits.

III. Service Interruption Disposition

The Cable Customer Bill of Rights requires AT&T to report “(3) service interruptions and their disposition”.

AT&T’s reports identify outages by category, but do not detail their disposition. AT&T says this is because they always repair outages. While outages are corrected, the City is unable to determine whether customers are receiving appropriate credit for the time they are without service. While the City defines an outage on the basis of a single occurrence to a Seattle customer, AT&T defines an outage as a situation once three or more customers have called to report an outage. It is not AT&T’s practice to automatically award a credit to all affected customers within an area experiencing an outage. Current AT&T practices for awarding credits for outages are quite variable and require the customer to take the initiative. Some customer service representatives always give a credit upon customer notification of an outage without requiring the customer to ask for it; some customer service representatives give a credit only when asked; and some do not give a credit at all - they thank the customer for informing them of an outage

IV. Customer Contacts After Installation

The Cable Customer Bill of Rights requires AT&T to report “(4) required Cable Operator contacts with Customers after installation”.

The AT&T reports do not contain data that respond to this requirement.

We recommend that AT&T meet the City’s reporting requirements. However, if the Office of Cable Communications and AT&T are unable to agree on how to produce the required information, three options the City may want to consider are:

1. Taking action against AT&T for non-compliance with the Cable Customer Bill of Rights reporting requirements;
2. Requiring modification of the report generating database system to accommodate the data tracking changes needed to generate the required information; or
3. Permitting AT&T to apply for a waiver to the Cable Customer Bill of Rights’ reporting requirements.

AT&T’s Response

(For purposes of this report we have summarized the response from AT&T. The full response is located at Appendix A)

AT&T believes the information it already includes in its monthly reports meets CCBOR standards, and that the additional information it has offered to provide will allow OCC staff to evaluate the quality of AT&T’s customer service with greater comfort.

AT&T does not utilize a simple report generating database to track customer calls; it employs a complex national billing system that has, as only one of its functions, the

tracking of calls associated with a customer's AT&T cable television account. AT&T cannot easily or cost effectively modify its national billing system to accommodate the CCBOR credit categories, and believes that the call categories incorporated in the billing system are similar enough to make modification unnecessary.

AT&T agrees to send a follow up survey postcard to customers connecting to our cable services in the city of Seattle. AT&T will comply with this request in the 4th quarter 2000.

Auditor's Remarks

We reaffirm our finding that AT&T is not in compliance with reporting requirements. The effect of this non-compliance is that it is not possible for the Office of Cable Communications to be assured that City customers are being adequately served by AT&T and that the conditions of the Cable Customer Bill of Rights are being met. This also makes it difficult to provide performance information to the City Council.

2. Customer Complaints Do Not Always Result in Credits

By interviewing and observing the work of AT&T customer service representatives at the Everett Call Center, and reviewing their training manual, we determined that a Seattle customer complaint may not always generate a credit as required under the Cable Customer Bill of Rights.

We recommend that AT&T revise its current practices to apply credits in a manner that is consistent with the requirements of the Cable Customer Bill of Rights. AT&T should train its customer service representatives to recognize that all complaints specified in the Cable Customer Bill of Rights must result in credits to customers' accounts. While we do not want to remove AT&T's discretion to award more credits than are required under the Cable Customer Bill of Rights, we want to ensure that at least the mandated credit is given to customers when required service standards have not been achieved.

AT&T's Response

All existing employees have been trained on the CCBOR. The CCBOR documentation also resides in our on-line Knowledge Tool, a resource that resides on each customer service representative's PC desktop. The AT&T standard is to resolve all inquiries or complaints on the first call and that it's employees always err on the side of the customer and offer ample credit to resolve any complaint.

Auditor's Remarks

We appreciate the progress AT&T is making in training their employees; and we reaffirm our finding that AT&T is not in compliance with the Cable Customer Bill of Rights with respect to awarding credits to customers. We will test the impact of the training in subsequent audits.

3. Cable Outage Service Credit System Needs Improvement

Seattle citizens' most commonly reported complaint to the Office of Cable Communications is that of outages of TV and cable modems. The current practice at AT&T is to take action only upon receiving notification from three customers that an outage has occurred. At that time, AT&T defines the incident as an official outage and performs the tasks necessary to correct the outage. As a policy, the company does not offer credit until an official outage has occurred. At that point, the procedure on awarding credits for outages varies among customer service representatives.

We recommend that AT&T revise its practices regarding credits for outages and give customers credits beginning with the first call received. If AT&T does not voluntarily revise its practices regarding credits for outages, the City may wish to require the following actions:

1. Credit any caller reporting an outage;
2. If three or more customers report an outage, automatically award credits to all customers within the service area experiencing outages without requiring each customer to call and request it; or
3. Advertise that credits are given to all customers who call in when they experience an outage so Seattle customers understand the practice and are able to know how to obtain their credit for the outage.

AT&T's Response

AT&T relies on its customers to report service disruptions and outages and has a history of offering service credits to customers when such occurrences are reported. However, AT&T cannot identify all customers in an outage area through the billing system, does not know that the first call reporting no picture is in fact an outage, versus an individual problem; so the awarding of credits automatically to all affected customers would be impossible.

Auditor's Remarks

During on-site visits by the Office of Cable Communications and Office of the City Auditor staff, we observed that AT&T awards credits for outages on an inconsistent basis: some representatives always give credits, some never, and some only when requested by a customer. We reaffirm our finding and request that AT&T develop a mechanism that credits customers for outages in a consistent manner that complies with the Cable Customer Bill of Rights.

Appendix A

Improving AT&T Broadband and Internet Services' Compliance with the City of Seattle Cable Customer Bill of Rights

AT&T's Full Response to the Findings In the Audit Report

Some Reporting Requirements Are Not Being Met, AT&T Report Review Results

Complaint Reporting

The Seattle Cable Customer Bill of Rights (CCBOR) requires quarterly reporting. However, in accordance with a request from Office of Cable Communications (OCC) staff, AT&T provides a monthly report that includes, in part, the total number of complaints received from Seattle residents and the total amount of credit given to those customers. Complaint and credit information is reported by the specific categories set forth in the CCBOR.

In response to OCC staff requests for further customer call information, AT&T includes in its monthly report the total number of inquiries received from Seattle customers as well as the account adjustment total for Seattle customers for the month. As the number of complaints received are only a fraction of the inquiries logged by AT&T Customer Sales and Service Representatives (CSSR), and total credits applied to resolve complaints a fraction of the adjustment total, the two reports are very different in scope. Total inquiries, including but not limited to calls regarding special promotions, installation, programming, requests for service or changes in service level, parental control instruction, use of equipment, complaints and compliments about service and personal, will always be much higher than the total number of complaints alone. Total adjustments, including but not limited to partial month adjustments for canceled service, billing error adjustments, misapplied payments, refunds, pay-per-view coupons, service outages, credits, and other items will always be much higher than total credits alone.

AT&T created and maintains at its NW Division headquarters a complaint resolution database for customer complaints that includes, for Seattle customers, the complaint categories required by the CBOR. However, all AT&T customer calls that require a transaction are logged into its national billing system in its normal course of business, in accordance with AT&T standards rather than the specific categories identified in the CBOR. Inbound phone calls that come into AT&T as inquiries only are not captured in the billing system. AT&T reviewed the national standard call categories with OCC staff and offered to provide the adjustment information in that format.

At the request of OCC staff, AT&T considered a change to its national billing system to accommodate the complaint categories included in the CBOR. AT&T determined that such a change would require costly modification of its national billing system impacting every AT&T cable system in the country, an expense that would be passed on to Seattle customers in accordance with federal law and regulation. AT&T respectfully requests that the City review again AT&T's offer to provide adjustment information in the

standard billing system format – a format we believe will provide the granularity required by OCC staff.

Service Request Disposition

Requests for service are tracked in accordance with national AT&T standards. A request for service is logged, AT&T personnel dispatched, service rendered. Upon completion of work, the customer signs the work order indicating that work was completed to the customer's satisfaction.

AT&T personnel strive to provide service of the highest quality and remain at a customer's home until the customer is satisfied with the service rendered. AT&T's monthly report includes the number and types of service requests received and the time within which all requests were completed. If AT&T receives a complaint regarding a service request, that complaint is logged and reported with other complaints.

Service Interruption Disposition

An outage is declared by AT&T, and the outage response team dispatched, upon receipt of the third report from customers within a small area of the City. An individual disruption in cable service reported by a customer requires response by a technician, but not the outage response team.

Outages are included in AT&T's monthly report by category of cause: Active equipment; coaxial, passive equipment; commercial power; cut cable; fiber, active equipment; fiber, passive equipment; fuse in equipment; headend problem; power supply. Service interruptions to individual customers are included in AT&T's monthly reporting of service request type by category of cause: Headend; cut or malfunctioning coaxial plant; bad or cut house drop; converter, addressable; converter, non addressable; digital; inside wiring; customer equipment. Cable service is always restored following outages and disruptions in cable service at individual homes, and the restoration time is captured on the monthly report in the "service call responsiveness (no picture resolved in 24 hours)" field.

Customer Contacts After Installation

AT&T agrees to send a follow up survey postcard to customers connecting to our cable services in the city of Seattle. AT&T will comply with this request in the 4th quarter 2000.

AT&T believes the information it already includes in its monthly reports meets CBOR standards, and that the additional information it has offered to provide will allow OCC staff to evaluate the quality of AT&T's customer service with greater comfort.

AT&T does not utilize a simple report generating database to track customer calls; it employs a complex national billing system that has, as only one of its functions, the tracking of calls associated with a customer's AT&T cable television account. AT&T cannot easily or cost effectively modify its national billing system to accommodate the CBOR credit categories, and believes that the call categories incorporated in the billing system are similar enough to make modification unnecessary.

Customer Complaints Do Not Always Result in Credits

The CBOR is a regular part of AT&T's extensive new employee training curriculum. This specific training document has been provided to the staff of OCC. In addition, all existing employees have been trained on the CBOR. The CBOR documentation also resides in our on-line Knowledge Tool, a resource that resides on each customer service representative's PC desktop. The AT&T standard is to resolve all inquiries or complaints on the first call and that it's employees always err on the side of the customer and offer ample credit to resolve any complaint.

Cable Outage Service Credit System Needs Improvement

AT&T relies on its customers to report service disruptions and outages and has a history of offering service credits to customers when such occurrences are reported. However, AT&T cannot identify all customers in an outage area through the billing system, does not know that the first call reporting no picture is in fact an outage, versus an individual problem; so the awarding of credits automatically to all affected customers would be impossible.